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Description automatically generated**EMPLOYEE PENSIONS**

New pension obligations, commonly known as 'auto-enrolment', came into effect from 1 October 2012. This means that the provision of a Pension Plan for your staff (where you have more than 1 employee – i.e., you count yourself as 1 person and employ another person or persons) is a LEGAL requirement.

* Under auto-enrolment, employers must auto-enrol eligible employees (see link below on how to do this), and make mandatory employer contributions, into a qualifying workplace pension scheme.

Employers must auto-enrol eligible employees into a pension scheme when they reach the income tax threshold, but contributions will kick in only from the employee threshold for national insurance contributions.

* You **must** enrol and make an employer’s contribution for all staff who:
  + are aged between 22 and the State Pension age
  + earn at least £10,000 a year

When you set up an occupational pension scheme, you must allow members to pay additional voluntary contributions (AVCs), either on a regular or occasional basis. Employees may pay these AVCs, either into your scheme or they may enter into a free standing AVC with an authorised provider (e.g. banks, insurance companies, building societies, or unit trusts).

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* You must pay at least 3% of your employee’s ‘qualifying earnings’ into your workplace pension.

**You may be fined by the Pensions Regulator if you pay late or don’t pay the minimum contribution for each member of staff.**

Check the pension scheme you’re using to find out what counts as ‘qualifying earnings'. Under most schemes, it’s the employee’s total earnings between £6,032 and £46,350 a year before tax.

Total earnings include:

* salary or wages
* bonuses and commission
* overtime
* statutory sick pay
* statutory maternity, paternity or adoption pay
* You must deduct contributions from your staff’s pay each month. You’ll need to pay these into your staff pension scheme by the 22nd day (19th if you pay by cheque) of the next month.
* You must pay your contributions for each employee by the date you’ve agreed with your provider.

**There is a great tool on the Pension Regulator’s website to help guide you through each step. Click** [**here.**](https://www.thepensionsregulator.gov.uk/en/employers)